

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 OES-06 FEA-01 L-03
CIAE-00 INR-07 NSAE-00 PM-04 NSC-05 SP-02 SS-15
OPIC-03 XMB-02 AID-05 PA-01 PRS-01 USIA-06 /079 W
-----032058Z 057083 /71

R 031545Z JAN 77
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 2712

C O N F I D E N T I A L QUITO 0003

E.O. 11652: GDS
TAGS: EINV, ENRG, PFOR, EC
SUBJECT: GULF NEGOTIATIONS

1. I TALKED TO FINANCE MINISTER SEVILLA SUNDAY NIGHT ABOUT THE INTEREST RATE ISSUE. HIS PROBLEM IS THAT, AT ONE POINT IN THE NEGOTIATIONS WITH VARGAS, GULF INDICATED AGREEMENT AD REFERENDUM TO FINANCING THE GOE'S BUY-OUT AT THE PRIME RATE, WHICH IS CURRENTLY ABOUT 6 1/4 PERCENT. WITH THIS POSSIBILITY ON THE TABLE, THE HARDLINERS ON THE GOE SIDE ARE INSISTING THAT GULF SUBSIDIZE THE INTEREST RATE ON ANY LOAN THE GOE CONTRACTS TO THE EXTENT IT IS OVER WHATEVER PRIME MAY BE DURING THE LIFE OF THE LOAN (SEVILLA IS ADAMANT THAT, FOR POLITICAL REASONS, HE DOES NOT WANT GULF INVOLVED IN THE FINANCING, AND I AGREE). AFTER CONSIDERABLE DISCUSSION OF WAYS TO OVERCOME THIS OBSTACLE, SEVILLA DECIDED ON A WAY OUT.

2. TO WIT: HE WILL TRY BETWEEN NOW AND TODAY'S MEETING WITH GULF TO ARRANGE FOR A FIXED INTEREST LOAN WITH THE 2 1/2 PERCENT CEILING GULF HAS PLACED ON THE PREMIUM OVER PRIME THAT THEY ARE WILLING TO ABSORB. FAILING THAT, SEVILLA HAS ANOTHER LOAN--FOR ONLY ONE YEAR--ONE PERCENT OVER THE CURRENT PRIME THAT HE CAN USE AS A STOPGAP WHILE HE ARRANGES FOR A LONGER-TERM LOAN (GULF HAS AGREED TO
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SUBSIDIZE THE INTEREST RATE FOR SEVEN YEARS.) SEVILLA WILL ASSURE HIS COLLEAGUES THAT HE HAS A COMMITMENT THAT THIS ONE-YEAR LOAN CAN BE EXTENDED ON THE SAME TERMS, BUT, IN FACT, HE DOES NOT.

3. SEVILLA INISTS HE HAS TO GET THE DEAL FINISHED TODAY. OTHERWISE, HE FEARS THE OUTCRIES OF THE LEFT AT WHAT ALREADY

HAS BEEN AGREED UPON WILL SCARE THE GOE INTO BACKING OFF.
HE WILL DO HIS BEST TO BREAK ANY IMPASSES IN TODAY'S MEETING.

4. GULF HAS BEEN COACHED ON THE ABOVE.

5. WE'LL KEEP YOU POSTED.
BLOOMFIELD

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 03-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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TAGS: EINV, ENRG, PFOR, EC, US, GULF OIL CORP
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